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Performance Indicator	Performance Measures	Definition	Performance Outcome
Preservation	<ul style="list-style-type: none"> Maintenance cost per capita to preserve system at base year conditions 	Focus is on infrastructure condition. Sub-set of sustainability.	Maintain current conditions
Environmental	<ul style="list-style-type: none"> Emissions generated by travel 	Measured/forecast emissions include CO, NOX, PM10, SOX and VOC. CO2 as secondary measure to reflect greenhouse emissions.	Meets conformity requirements
Environmental Justice	<ul style="list-style-type: none"> Expenditures by quintile and ethnicity Benefit vs. burden by quintiles 	<p>Proportionate share of expenditures in the 2004 RTP by each quintile.</p> <p>Proportionate share of benefits to each quintile ethnicity.</p> <p>Proportionate share of additional airport noise by ethnic group.</p>	No disproportionate impact to any group or quintile

SCAG staff comments: SCAG staff acknowledges that because most roadways in the Project area currently operate at a level of service of A or B, the relatively minor increase in traffic associated with the Project would not result in a significant change in the level of service on any roadway. Furthermore, to ensure that the local transportation network operates at an acceptable level of service, North Baja has developed the Traffic Mitigation Plan for Imperial County Roads and the Traffic Management Plan for 18th Avenue prepared in consultation with the County of Riverside Transportation Department. As such, the proposed project is consistent with the RTP.

GROWTH VISIONING

CO7-17

The fundamental goal of the Compass Growth Visioning effort is to make the SCAG region a better place to live, work and play for all residents regardless of race, ethnicity or income class. Thus, decisions regarding growth, transportation, land use, and economic development should be made to promote and **sustain** for future generations the region's **mobility**, **livability** and **prosperity**. The following "Regional Growth Principles" are proposed to provide a framework for local and regional decision making that improves the quality of life for all SCAG residents. Each principle is followed by a specific set of strategies intended to achieve this goal.

Principle 1: Improve **mobility** for all residents

- Encourage transportation investments and land use decisions that are mutually supportive.
- Locate new housing near existing jobs and new jobs near existing housing.
- Encourage transit-oriented development.
- Promote a variety of travel choices

Principle 2: Foster **livability** in all communities

- Promote infill development and redevelopment to revitalize existing communities.
- Promote developments, which provide a mix of uses.
- Promote "people scaled," walkable communities.
- Support the preservation of stable, single-family neighborhoods.

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Section 1.5.3 has been revised to include a discussion of the Project's consistency with the Compass Growth Visioning effort.

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- Principle 3: Enable prosperity for all people
- Provide, in each community, a variety of housing types to meet the housing needs of all income levels.
 - Support educational opportunities that promote balanced growth.
 - Ensure environmental justice regardless of race, ethnicity or income class.
 - Support local and state fiscal policies that encourage balanced growth
 - Encourage civic engagement.
- Principle 4: Promote sustainability for future generations
- Preserve rural, agricultural, recreational and environmentally sensitive areas.
 - Focus development in urban centers and existing cities.
 - Develop strategies to accommodate growth that uses resources efficiently, eliminate pollution and significantly reduce waste.
 - Utilize "green" development techniques.

CONCLUSIONS

- CO7-18 | 1. As noted in the Staff comments, the Final EIS/EIR/plan amendment should address the relationships to SCAG's policies and discuss any inconsistencies between the proposed project and applicable regional plans.
- CO7-19 | 2. All feasible measures needed to mitigate any potentially negative regional impacts associated with the proposed project should be implemented and monitored, as required by CEQA.
- CO7-20 | 3. SCAG encourages North Baja to consider long-term natural gas supplies in relation to the economic vitality of the region in the Final EIS/EIR/plan amendment.
- CO7-21 | 4. Subsequent environmental documentation should be sent to SCAG for review pursuant to CEQA Section 15206. The policies and core actions cited in this letter should be discussed analyzed in subsequent environmental documentation.

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CO7-18 | See the responses to comments CO7-1, CO7-16, and CO7-17.

CO7-19 | The final EIS/EIR documents all of the feasible mitigation measures to reduce impacts associated with the Project to less than significant levels. However, the Agency Staffs have determined that impacts on the Peirson's milk-vetch, the desert tortoise and its critical habitat, and the flat-tailed horned lizard and its habitat would remain significant after all available or feasible mitigation is applied. Approval of the Project would be subject to a Statement of Overriding Considerations under the CEQA.

CO7-20 | See the responses to comments LA11-1 and CO7-7.

CO7-21 | The SCAG is on the environmental mailing list for the Project and will receive the applicable issuances associated with the Project. See also the response to comment CO7-1.

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SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS

Roles and Authorities

THE SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS (SCAG) is a *Joint Powers Agency* established under California Government Code Section 6502 et seq. Under federal and state law, SCAG is designated as a Council of Governments (COG), a Regional Transportation Planning Agency (RTPA), and a Metropolitan Planning Organization (MPO). SCAG's mandated roles and responsibilities include the following:

SCAG is designated by the federal government as the Region's *Metropolitan Planning Organization* and mandated to maintain a continuing, cooperative, and comprehensive transportation planning process resulting in a Regional Transportation Plan and a Regional Transportation Improvement Program pursuant to 23 U.S.C. '134, 49 U.S.C. '5301 et seq., 23 C.F.R. '450, and 49 C.F.R. '613. SCAG is also the designated *Regional Transportation Planning Agency*, and as such is responsible for both preparation of the Regional Transportation Plan (RTP) and Regional Transportation Improvement Program (RTIP) under California Government Code Section 65080 and 65082 respectively.

SCAG is responsible for developing the demographic projections and the integrated land use, housing, employment, and transportation programs, measures, and strategies portions of the *South Coast Air Quality Management Plan*, pursuant to California Health and Safety Code Section 40480(b)-(c). SCAG is also designated under 42 U.S.C. '7504(a) as a *Co-Lead Agency* for air quality planning for the Central Coast and Southeast Desert Air Basin District.

SCAG is responsible under the Federal Clean Air Act for determining *Conformity* of Projects, Plans and Programs to the State Implementation Plan, pursuant to 42 U.S.C. '7506.

Pursuant to California Government Code Section 65089.2, SCAG is responsible for *reviewing all Congestion Management Plans (CMPs) for consistency with regional transportation plans* required by Section 65080 of the Government Code. SCAG must also evaluate the consistency and competitiveness of such programs within the region.

SCAG is the authorized regional agency for *Inter-Governmental Review* of Programs proposed for federal financial assistance and direct development activities, pursuant to Presidential Executive Order 12,372 (replacing A-95 Review).

SCAG reviews, pursuant to Public Resources Code Sections 21063 and 21067, Environmental Impacts Reports of projects of regional significance for consistency with regional plans [California Environmental Quality Act Guidelines Sections 15206 and 15125(b)].

Pursuant to 33 U.S.C. '1288(a)(2) (Section 206 of the Federal Water Pollution Control Act), SCAG is the authorized *Area-wide Waste Treatment Management Planning Agency*.

SCAG is responsible for preparation of the *Regional Housing Needs Assessment*, pursuant to California Government Code Section 65584(a).

SCAG is responsible (with the Association of Bay Area Governments, the Sacramento Area Council of Governments, and the Association of Monterey Bay Area Governments) for preparing the *Southern California Hazardous Waste Management Plan* pursuant to California Health and Safety Code Section 25135.3.

Revised July 2001

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December 28, 2006

Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E., Room 1A
Washington, D.C. 20426
Attn: Gas 1, DG2E

Tom Filler
California State Lands Commission
100 Howe Avenue, Suite 100 South
Sacramento, CA 95825

Re: FERC Docket Nos. CP06-61-000
CP01-23-003
CA State Clearinghouse No. 2006081127

Dear Secretary Salas and Mr. Filler:

Southern California Gas Company ("SoCalGas") and San Diego Gas & Electric Company ("SDG&E") appreciate this opportunity to comment on the Draft Environmental Impact Statement/Report and Draft Land Use Plan Amendment for the proposed North Baja Pipeline Expansion Project.

SoCalGas and SDG&E request the correction of a misstatement of material fact set forth in Section 3.0 of the draft EIR/EIS/plan amendment, concerning alternatives to the proposed Project. As stated at the outset of Section 3.0:

One of the most important aspects of the environmental review process is the identification and assessment of reasonable alternatives that could potentially avoid or minimize the impacts of a proposed project.

CO8-1

On March 13, 2006, SoCalGas and SDG&E intervened and filed comments in North Baja's certificate application proceeding, FERC Docket Nos. CP06-61-000 and CP01-23-003. The March 13 comments of SoCalGas and SDG&E stated, in relevant part:

8. In Phase I-A, North Baja proposes to construct a 46-mile lateral west from its existing mainline to serve a customer of SoCalGas, the Imperial Irrigation

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SoCalGas' and SDG&E's comments that service to the IID has not been curtailed in the past 16 years are noted. Section 3.2.2.1 has been revised to state that customers of SoCalGas and SDG&E would be able to nominate LNG supplies at Blythe and Otay Mesa when supplies from Mexico become available. The revised Section 3.2.2.1 further states that while the SoCalGas Alternative would provide the IID with indirect access to LNG-source gas through the SoCalGas system, it would not provide direct access to LNG supplies nor direct access to an interstate pipeline system, which are objectives of the proposed Project. Therefore, this alternative was eliminated from further consideration.

CO8-1
(cont'd)

District (IID), at the IID's El Centro Generating Station in El Centro, California. The design capacity of the proposed lateral is 110,000 Dth/d, and the estimated in-service date is June 1, 2009.

....

11. With respect to Phase I-A of North Baja's proposed expansion project, the Precedent Agreement between IID and North Baja briefly and obliquely references a risk of curtailment from IID's existing supplier of transportation service, and also recites IID's desire to increase its access to LNG supplies.

For purposes of clarification of the record, service to IID has not been curtailed in the past sixteen years under SoCalGas' longstanding CPUC tariff procedures for prioritizing curtailment between customer classes, including during the California Energy Crisis of 2000-01, and **customers of SoCalGas and SDG&E will be able to nominate LNG supplies at the Blythe and Otay Mesa receipt points when supplies from the ECA and/or Chevron LNG terminals become available.** (emphasis added)

Despite the filing of these comments by SoCalGas and SDG&E, the draft EIS/EIR/plan amendment mistakenly states at page 3-7 under the heading "SoCal Gas Alternative:"

Currently, the IID receives natural gas from SoCal Gas' existing intrastate pipelines that extend south through the Chocolate Mountains to the Imperial Valley. At present, this system provides neither the supply diversity (i.e., access to LNG-source gas) nor direct access to an interstate pipeline system. The SoCal Gas alternative, as a stand-alone system, does not presently, or within the time frame of the proposed Project, meet the objectives of the Project. Therefore, this alternative was eliminated from further consideration.

This assessment of alternatives misstates the fact that the same future LNG supplies which would be transported by the proposed North Baja Pipeline Expansion Project will also be transported by SoCalGas and SDG&E, in the same time frame – if not sooner than – the proposed North Baja Project.

The draft EIS/EIR/plan amendment thus reflects a fundamental misunderstanding of the ability of customers of SoCalGas, such as IID, to nominate LNG supplies when such supplies become available for delivery to southern California. Accordingly, SoCalGas and SDG&E request that the draft EIS/EIR/plan amendment be corrected to reflect that the "SoCal Gas Alternative" would provide IID with access to LNG-source gas.

As an additional reference, the IID's May 19, 2006 application to the California Energy Commission ("CEC") for a Small Power Plant Exemption states:

There is an existing gas transportation agreement between IID and [SoCalGas] for 2,157 MMBtu/h of firm gas transportation capacity during peak periods of the year, which provides adequate natural gas transportation capacity to operate the Unit 3 Repower Project.

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This information is available on the CEC's website, www.energy.ca.gov, under the "siting cases" index for the El Centro Generating Station project, at Volume 1 of the Application, Section 2.2.6, entitled "Natural Gas Fuel System." Thus, it is apparent that IID recognizes gas service from SoCalGas as a viable alternative.

SoCalGas and SDG&E would be happy to address any questions you may have concerning this matter.

Sincerely,

/s/ John R. Ellis

John R. Ellis
Attorney for
Southern California Gas Company and
San Diego Gas & Electric Company

Companies/Organizations

January 10, 2007

Ms. Magalie Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Re: North Baja Pipeline Expansion Project Draft Environmental Impact
Statement**
Docket Nos. CP06-61-000 and CP01-23-003

Ms. Salas:

CO9-1

Sempra LNG Marketing Corp. ("Sempra LNG") and Coral Energy Resources, L.P. ("Coral") are parties to this proceeding and have executed precedent agreements to receive transportation service from North Baja Pipeline, LLC ("North Baja") in association with the installation of the new natural gas pipeline facilities that are the subject of the application filed by North Baja in the referenced dockets (the "Expansion Project"). The Draft Environmental Impact Statement ("DEIS") prepared by the Commission's staff contains a comprehensive and thorough analysis of the environmental impacts of the Expansion Project.

On December 28, 2006, the South Coast Air Quality Management District (the "District") and the Border Power Working Group ("Border Power") filed comments on the DEIS. Both the District and Border Power unfairly criticize the DEIS for not analyzing what both parties assert will be negative impacts to air quality resulting from the Expansion Project. Their comments contain numerous misstatements of fact and law and omit other material facts that will assist the Commission in its analysis.

To address the misstatements and omissions in the District's and Border Power's comments, Sempra LNG and Coral submit these reply comments to clarify and supplement the record in this proceeding.

1. An Analysis of Potential Indirect Air Quality Impacts that May Occur in End Use Markets is Outside the Scope of the DEIS

The District and Border Power assert that the DEIS is incomplete because it does not analyze alleged and highly speculative impacts to air quality in metropolitan areas that are far removed from the route of the Expansion Facilities. After completion of the Expansion Project, the North Baja pipeline system will interconnect with the Southern California Gas Company ("SoCalGas") transmission system at Blythe, California, which is located at the Arizona/California border. Blythe is at least a hundred miles from any of the

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Sempra LNG Marketing Corporation's and Coral Energy Resources, L.P.'s reply comments to comments on the draft EIS/EIR submitted by the SCAQMD and the Border Power Working Group (see comment letters LA16 and CO6, respectively) are noted. Points raised in these reply comments have been taken into consideration in the analysis in the EIS/EIR.

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(cont'd)

major population centers in the District's jurisdictional area (referred to by the District as the "Basin"). It is, for example, approximately 200 miles from both Los Angeles and Anaheim, California, and almost 170 miles from Riverside, California. The same is true for the proposed lateral that North Baja proposes to construct, which will terminate at the El Centro Generating Station in Imperial County, California.

The analysis requested by the District and Border Power would be unprecedented. Despite the fact that the Commission has prepared numerous environmental impact statements and environmental assessments of LNG terminals and related natural gas pipeline facilities in the past several years, the District and Border Power can point to no other instance in which the Commission has conducted an analysis of the air quality impacts of new gas supplies in downstream markets. The Commission did not, for example, conduct an environmental analysis of the air quality impacts in end use markets of liquefied natural gas terminals that are currently under development along the U.S. Gulf Coast, although each of those projects could also result in the delivery to end use markets of natural gas with a higher Wobbe Index value than existing supplies.¹

The District and Border Power do not refer to any provision in the Commission's regulations that would require the environmental analysis that they request. The Commission has adopted regulations that specifically address the extent to which an environmental impact report is required to analyze non-jurisdictional activities.² Under those regulations, the only non-jurisdictional activities required to be addressed are those that involve construction or installation of new non-jurisdictional facilities that are closely related to the jurisdictional facilities under review. An environmental report is required to "[i]dentify and describe all non-jurisdictional facilities, including auxiliary facilities, that will be built in association with the [jurisdictional] project, including facilities to be built by other companies."³ No mention is made in the regulations of other non-jurisdictional activities (i.e., activities that do **not** involve the construction of facilities).

The cases cited by the District in its comments also involved the construction or installation of non-jurisdictional facilities, and provide no support for the claim that the Commission is somehow required to examine the District's speculative and theoretical concerns in this proceeding. For example, Henry v. Federal Power Commission, 513 F.2d 395, 406-07 (D.C. Cir. 1975), addresses the issue of whether, under the National Environmental Policy Act ("NEPA"), an environmental analysis of jurisdictional pipeline facilities should have included an evaluation of an adjacent non-jurisdictional coal gasification plant that was also under development as part of the same project. Likewise, Border Power Plant Working Group v. DOE, 260 F. Supp. 2d 997, 1017 (S.D. Cal. 2003), involved the construction of cross-border transmission lines that would connect with

¹ See, e.g., Final Environmental Impact Statement, Freeport LNG Project (May 2004); Final Environmental Impact Statement, Casote Landing LNG Project (December 2006).

² See 18 C.F.R. § 380.12(c)(2) (2006).

³ Id.

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electric generating facilities in Mexico that were also under development. Again, this case involved the application of NEPA to related non-jurisdictional facilities.

Similarly, each of the cases cited by the District relating to the California Environmental Quality Act ("CEQA") involved construction of related non-jurisdictional facilities. See Santiago County Water District v. County of Orange, 118 Cal. App. 3d 818 (1981) (water delivery facilities); Whitman v. County Board of Supervisors, 88 Cal. App. 3d 397 (1979) (an oil pipeline); and San Joaquin Raptor/Wildlife Rescue Center v. County of Stanislaus, 27 Cal. App. 4th 713 (1994) (a wastewater treatment plant).

The rationale behind the Commission's regulations and all of these cases is simple and straightforward: an administrative agency, such as the Commission, can reasonably and accurately evaluate the quantifiable environmental impacts of non-jurisdictional facilities with a close nexus to a jurisdictional project. That rationale does not exist, however, when the agency is asked, in the absence of any related non-jurisdictional facilities, to evaluate theoretical and speculative concerns relating to the activities of end users in distant markets.

2. Any Environmental Concerns Raised by the District and Border Power are Theoretical and Highly Speculative

Both the District and Border Power assert that "significant quantities" of "hotter burning gas" will be delivered to the Southern California market as a result of the Expansion Project. However, they fail to quantify how much "hotter" the new supplies will be compared to existing sources and further fail to identify the actual quantities that can reasonably be expected to be consumed in the areas that they claim will be impacted. The absence of any clear baseline against which to attempt to measure the alleged air quality impacts is also highly problematic.

Although the Wobbe Index of new LNG supplies is expected to be higher than some existing domestic supplies, the District neglects to mention that a number of existing domestic supply sources have Wobbe Index values that are comparable to those of potential new LNG supplies. Evidence introduced in a recent California Public Utilities Commission ("CPUC") proceeding showed that the Wobbe Index of California in-state production and interstate supplies at times has been as high as 1430.⁴ The Wobbe Index of supplies delivered into Southern California by Kern River Gas Transmission, a major interstate supplier, has ranged as high as 1380 over the past three years.⁵

⁴ California Public Utility Commission Rulemaking to Establish Policies and Rules to Ensure Reliable, Long-Term Supplies of Natural Gas to California, R.04-01-025, Exhibit 107 at p. 11.

⁵ California Public Utility Commission Rulemaking to Establish Policies and Rules to Ensure Reliable, Long-Term Supplies of Natural Gas to California, R.04-01-025, Exhibit 129.

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In fact, the actual Wobbe Index of any new LNG supplies will not be known until the volumes are actually delivered from their overseas supply sources, and such deliveries are not scheduled to commence until 2008. Further, those volumes will form only part of the aggregate supply pool and will therefore be mixed with supplies from other sources (i.e., domestic U.S. production), which will obviously affect the aggregate Wobbe Index of the delivered gas stream. This mixing will occur not only in the North Baja pipeline system, but also in the transmission and distribution systems of SoCalGas and San Diego Gas & Electric Company ("SDG&E") prior to delivery to end use customers.

The District also significantly overstates the potential quantities of LNG supplies that can be delivered to the Basin through the proposed North Baja/SoCalGas interconnection at Blythe, California ("Blythe Interconnection"). Although the District refers to total Phase II volumes of 2.4 Bcf/day, the Blythe Interconnection will have a physical capacity of only 1.2 Bcf/day. In addition, the Blythe Interconnection will be located in SoCalGas' southern transmission zone ("Southern Zone") and any new LNG supplies received by SoCalGas from North Baja at the Blythe Interconnection must be transported by SoCalGas through the Southern Zone in order to be delivered into the Basin. The aggregate takeaway capacity for volumes received in the Southern Zone is also only 1.2 Bcf/day and SoCalGas has publicly announced that it has no plans to expand this takeaway capacity.⁶ Thus, even during periods of peak demand, and assuming no flows through the other receipt points in the Southern Zone, the maximum volumes that can be delivered by SoCalGas from the Blythe Interconnection to the Basin will not exceed 1.2 Bcf/day. In addition, the SoCalGas/El Paso interconnection at Ehrenberg (with receipt capacity of 1.2 Bcf/day) is also located in the Southern Zone, and the SDG&E Otay Mesa receipt point (with physical capacity of 800,000 Mcf/day) will be located there as well when it is completed. Volumes from those two other receipt points will be competing with volumes delivered at the Blythe Interconnection for the 1.2 Bcf of takeaway capacity.

Further, the Basin is by no means the only potential market for new LNG supplies that would be transported through the Expansion Facilities. Volumes delivered by North Baja to SoCalGas at the proposed Blythe interconnection point may also be delivered to the San Diego market or to other markets in California outside of the Basin, or delivered off-system to Pacific Gas and Electric customers in the central and northern portions of California. North Baja is also interconnected to the El Paso Natural Gas system, which serves Phoenix and other areas east of California. Thus, it is not yet known what volumes of any new LNG supplies will be delivered into the Basin and it would be purely speculative to attempt to estimate that at this point. As the District itself notes, new LNG supplies will have to compete with existing supply sources for market share in the Southern California area. It is currently unknown to what extent new LNG supplies will capture a share of that market and what percentage of the overall supply volumes LNG will represent.

⁶ California Public Utilities Commission, Docket No. A.04-12-004, Exhibit 1.

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It is also uncertain what “baseline” would be used to measure any alleged air quality impacts, even if the other variables discussed above could be determined. The District asserts in its comments that the baseline is the current condition of air quality in the Basin, which it says is based on the five-year average system-wide Wobbe Index of 1332 for SoCalGas. The District, however, stated in a recent CPUC proceeding that significant new quantities of gas with a Wobbe Index as high as 1360 would not result in a material change in the air quality in the Basin. In urging the CPUC to adopt a Wobbe Index limitation of 1360 for SoCalGas and SDG&E, the District stated that a 1360 limitation would “preserve the status quo by ensuring that sources will burn the same quality gas as they have in the past.”⁷ The District concluded that an environmental assessment would not be required if the CPUC had adopted a 1360 Wobbe Index limitation since, in the opinion of the District, there would be no resulting material adverse change in the air quality in the Basin.⁸

The District itself has acknowledged the highly speculative nature of its concerns. Although the District asserts in its comments on the DEIS that higher Wobbe Index gas “will substantially increase emissions” of NO_x, the District took a different position only two months ago in its application for rehearing of the decision by the CPUC that approved revised gas quality standards for SoCalGas and SDG&E. In that pleading, the District acknowledged that there is a lack of reliable and meaningful information to demonstrate that natural gas with a higher Wobbe Index will result in a significant adverse impact on air quality. The District, for example, itself cited to “existing gaps in critical information” and concurred with the statement that “further research is needed to fully understand the impacts of higher Wobbe Index gas on emissions.”⁹ The District urged the CPUC to conduct additional testing to determine whether higher Wobbe Index gas would, in fact, have any adverse impact on air emissions.

Thus, even if the Commission were to conduct an analysis of the alleged air quality impacts related to the Expansion Project, the District would almost certainly criticize that analysis and claim that it was incomplete and based on insufficient information. The District has made clear from its participation in the CPUC proceeding that it will only be satisfied with extensive additional testing. The District is apparently undeterred by the fact that the existing data indicate that any such additional testing will only confirm that the air quality impacts of new LNG supplies will be, at most, minimal.

⁷ California Public Utility Commission Rulemaking to Establish Policies and Rules to Ensure Reliable, Long-Term Supplies of Natural Gas to California, R.04-01-025, Opening Brief of the South Coast Air Quality Management District at p. 45.

⁸ *Id.*

⁹ California Public Utility Commission Rulemaking to Establish Policies and Rules to Ensure Reliable, Long-Term Supplies of Natural Gas to California, R.04-01-025, Application for Rehearing of the South Coast Air Quality Management District at p. 13.

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In this regard, the technical information set forth in the District's comments that purports to show an increase in emissions from burning higher Wobbe Index gas is inaccurate and misleading. The District refers to testing conducted by SoCalGas on a variety of natural gas appliances. The District, however, overstates the actual test results by as much as 50%. Further, the District selectively includes only a portion of the test results. The District neglects to include the results of other, much more widely-used, types of residential appliances included in the study. The test results for those other types of appliances showed in some cases decreases in NOx emissions and in other cases only nominal increases of one to two percent.¹⁰

3. The Commission is not Required to Analyze Speculative Environmental Concerns

Under both NEPA and CEQA, the Commission is not required to examine alleged environmental impacts that are speculative in nature.¹¹ In order to trigger the application of either NEPA or CEQA, a proposed agency action must have a potentially significant effect on the environment that is reasonably foreseeable and supported by substantial evidence in the record of the proceeding.¹² In this regard, the Commission's staff has properly limited the scope of the DEIS to potential environmental impacts that are reasonably foreseeable, material and ascertainable. The speculative allegations by the District and Border Power satisfy none of those requirements.

4. New Gas Quality Standards Adopted by the CPUC Will Effectively Mitigate Air Quality Impacts in the Basin

The CPUC recently adopted new gas quality and interchangeability standards for SoCalGas and SDG&E. All gas delivered to end users in the Basin and elsewhere in southern California is transported through the SoCalGas/SDG&E system at some point prior to delivery and therefore must comply with the new CPUC gas quality standards. This will also be the case for the new LNG supplies that will be transported through the Expansion Facilities. Thus, in order for those LNG supplies to access the Basin, they must comply with the new CPUC-approved gas quality standards.

¹⁰ California Public Utility Commission Rulemaking to Establish Policies and Rules to Ensure Reliable, Long-Term Supplies of Natural Gas to California, R.04-01-025, Exhibits 108 and 150.

¹¹ See, e.g., *NO Oil Inc. v. City of Los Angeles*, 196 Cal. App. 3d 223, 237 (1987) (finding environmental review of oil pipeline route improper because project was too speculative before the quantity and quality of oil was known and before the specifications or location of the pipeline was determined).

¹² See, e.g., *Laurel Heights Improvement Assn. v. Regents of University of California*, 47 Cal. 3d 376, 398 (Cal. 1988).

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The new standards approved by the CPUC significantly **tighten** the permissible Wobbe Index range for natural gas delivered into the SoCalGas and SDG&E systems. Prior to the adoption of the new standards, the utilities could accept natural gas with a Wobbe Index as high as 1437. The new standards lower that limit to 1385. In this regard, the statement in Border Power's comments that the effect of the new CPUC-approved standards is "to relax" the SoCalGas/SDG&E gas quality standards is simply incorrect. A comparison of the previous standard with the new, much more restrictive, standard demonstrates this. Similarly, Border Power's statement that the new CPUC standards favor Sempra LNG is also incorrect. The new standards, like the ones previously in effect, apply equally to all out-of-state supplies. All LNG and interstate supplies entering the SoCalGas/SDG&E system must comply with the new standards.¹³

The 1385 Wobbe Index limitation adopted by the CPUC is based on, and entirely consistent with, the recommendations set forth in the NGC+ White Paper on gas quality and interchangeability issues. As the Commission is aware, the NGC+ White Paper recommendations reflect the consensus of the diverse group of parties that participated in the NGC+ Work Group and are based on years of research and experience. In its recent policy statement on gas quality and interchangeability, the Commission expressly endorsed the use of the recommendations in the NGC+ White Paper and urged pipelines and other parties to use those recommendations as the key reference point in developing new or revised standards.¹⁴

The District actively participated in the CPUC proceeding. As noted above, the District advocated a Wobbe Index limitation of 1360 and took the position that such a limitation would not materially impact the air quality conditions in the Basin. It is important to note that neither the District nor any other party to the CPUC proceeding introduced substantive evidence showing a material impact on air quality from burning gas with a Wobbe Index of 1385 as compared to burning gas with a Wobbe Index of 1360.

Since any gas burned in the Basin (including gas delivered through the Expansion Facilities) must, in compliance with the revised CPUC standards, have a Wobbe Index of no greater than 1385, the CPUC has already effectively mitigated any legitimate environmental concerns of the District.

¹³ California production, however, is granted a generic waiver from the new standards.

¹⁴ Policy Statement on Provisions Governing Natural Gas Quality and Interchangeability in Interstate Natural Gas Pipeline Company Tariffs, 115 FERC ¶ 61,325 (2006).

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5. Conclusion

CO9-1
(cont'd)

In their comments, the District and Border Power fail to provide either legal or technical support for their claims that the DEIS should be expanded to include an analysis of their highly speculative environmental concerns. They propose to unnecessarily and improperly widen the scope of the DEIS. The analysis that they request would amount to little more than guesswork and would improperly delay a much-needed project. Their comments should be disregarded.

Respectfully submitted,

Sempra LNG Marketing Corp.

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.
Dated at San Diego, California, this 10th day of January, 2007.

_____/s/ Jenifer E. Nicola
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Companies/Organizations

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